



FSA, USDA AND BIA GUARANTEED LOANS

This Eligibility Checklist assists pledgors who have executed the appropriate Advances, Pledge and Security Agreement in determining eligibility of loans for pledging to FHLB Des Moines. A "NO" answer indicates the loan is not eligible under FHLB Des Moines guidelines.

| GE | GENERAL ELIGIBILITY | YES | NO |
|-----------|---|------------|-----------|
| | The requirements of this checklist are <u>specific</u> to the collateral type shown above. Additional Eligible Member Collateral requirements common to pledged loan collateral are identified in <u>Collateral Procedures</u> and the <u>General Eligibility Checklist</u> . The preparer should have familiarity with all eligibility guidance prior to proceeding with eligibility determination via this checklist. | | |

| PN | PROMISSORY NOTE | YES | NO |
|-----------|--|------------|-----------|
| | 1. Note Execution: Executed with proper signatories and capacities as authorized by any applicable borrowing resolution/other authority. | | |
| | 2. Loan Terms: Maturity, amortization and repayment terms comply with the requirements of the guaranteeing agency's policy guidelines and terms specified in the guaranteeing agency's loan approval condition as applicable. | | |
| | 3. Disbursement: Loan is fully disbursed and non-revolving. | | |

| SI | SECURITY INSTRUMENT: Mortgage (or Deed of Trust) and/or Security Agreement | YES | NO |
|-----------|---|------------|-----------|
| | 1. Security Instrument Existence: Note is secured with an unexpired mortgage/security instrument with applicable UCC filings recorded in the proper jurisdiction. Recorded mortgage/UCC filings or copies are in file. Loan disbursements are supported by the security instrument type (e.g. closed end, future advance). | | |
| | 2. Note Security: Security Instrument (or collateral property) is linked/cited security for subject note. | | |
| | 3. Secured Party Citation: Security Instrument directly cites member (or pledgor on behalf of member) as secured party or via recorded assignment. | | |
| | 4. Instrument Execution: Security Instrument is properly executed and acknowledged: <ul style="list-style-type: none"> • By all title holders/owners of record including spouses if required by state law (fractional or undivided interests not acceptable). If title is vested in a former name, affidavit of identity or similar notation on mortgage required. • Non-natural persons: Executed by and in proper capacity(s) per authorizing documentation. • 3rd Party Pledge/Secured Guarantee/Hypothecation Agreement: Executed by and in proper capacity(s) and acknowledged as security for subject loan or borrower. • Mortgage notarized acknowledging signers in proper capacity. | | |
| | 5. Secured Debt Amount: Amount equals or exceeds loan's current unpaid principal balance (UPB). | | |
| | 6. Assumptions: For assumed loans, executed assumption agreement is recorded. | | |

| LV | LIEN VERIFICATION | YES | NO |
|-----------|--|------------|-----------|
| | 1. Lien Search Existence: Real Estate: File contains a title policy, attorney's opinion, O&E/title report, or detailed internal lien search. UCC Chattel: File contains a UCC lien search. Non-UCC Chattel: File contains acknowledgment of security interest from licensing authority or account holder. Collateral perfected via possession is also acceptable. | | |
| | 2. Lien Search Date and Quality: Lien search is <u>dated on or after recording date</u> and confirms: Execution by all titleholders, legal description of encumbered property, recordation, and lien position (lien search must assess all potential prior liens). | | |

- **Loans originated within six months of Collateral Reporting Date:** File evidences at a minimum, a pre-closing lien search while required post-closing lien search is pending.
3. **Lien Position:** Lien search and/or acknowledgment cite subject chattel security interest as first lien. Lien search cites mortgage as first or second lien:
- **Prior Liens:** If lien search does not cite subject security in requisite lien position, file documents recorded satisfactions, subordinations, releases or title insurance endorsement.
 - Property must not be subject to unreleased prior nonmortgage liens or unsubordinated contracts.
 - For loans without post closing lien search if permitted per LV.2 above (i.e. Loans originated within six months of Collateral Reporting Date), pay-off documentation of prior liens ensuring requisite lien position is acceptable to demonstrate prior lien satisfaction.
 - **Property Taxes/Other Subsequent Liens:** Taxes and assessments not past due one year or more. Security Interest not subordinated to Property Assessed Clean Energy (PACE) or other liens.
 - **Prior Ground Leases:** Mortgages primed by ground lease not eligible unless recorded ground lease subordination or Non-Disturbance and Attornment Agreement executed by lessor.
 - **Leasehold Mortgage:** File evidences lessor consent, leasehold interest property valuation and lease maturity equal \geq note maturity. Assignments of leasehold interests are not eligible.

| | |
|--|--|
| | |
|--|--|

| CV | COLLATERAL CONDITION, PURPOSE and VALUATION | YES | NO |
|----|---|-----|----|
| 1. | Collateral Property Type, Purpose and Conditions: Loan is for commercial or agricultural purposes. Collateral property is located in the U.S. or its territories. <ul style="list-style-type: none"> • Condition/Use/Occupancy: Property is not deteriorated, contains unremediated recognized environmental conditions or used (including via leasing rights) for matters which imperil value or encumbrance. Use is lawfully permissible by all federal, state and local regulations. Property (real estate) is not currently vacant. • Property Insurance: Loans with UPB \geq \$5,000,000, file evidences property insurance for benefit of pledgor with coverage sufficient for the improved property. • Ineligible Property Type: Not financial institution stock, raw land or land in development or other ineligible collateral type listed in <u>Collateral Procedures: Section 2.2.</u> | | |
| 2. | Valuation Existence and Requirements: File evidences property valuation indicating value of the legally encumbered property in compliance with agency requirements. <ul style="list-style-type: none"> • Newly constructed properties: Verification of construction completion to original plans and specs. • Subsequent partial releases: File evidences remaining collateral value. | | |
| 3. | Qualifying LTV: \leq 100% or as limited by the guaranteeing agency (see General Eligibility Checklist for QLTV definition). | | |

| GG | GOVERNMENT GUARANTEE | YES | NO |
|----|--|-----|----|
| 1. | Guarantee Existence and Good Standing: File evidences valid applicable agency guarantee. Member must be in good standing with guaranteeing agency including but not limited to, compliance with origination and servicing requirements. | | |
| 2. | Delivery Requirements: In the event the member is required to deliver loan collateral to FHLB Des Moines, in addition to the original promissory note and modifications, the following <u>original</u> documents, executed by the guaranteeing agency, the member, and FHLB Des Moines as applicable must be delivered. | | |

FSA Guarantee Loans

- **Loan Guarantee:** FSA 1980-27, FSA-2235 and/or other as prescribed by agency regulations.
- **Assignment of Guarantee:** FSA 2242 or other as prescribed by agency regulations.

USDA B&I Guaranteed Loans:

- Loan Guarantee: RBS 4279-5, RD 449-34 and/or other as prescribed by agency regulations.
- Assignment of Guarantee: RBS 4279-6, RD 449-36 and/or other as prescribed by agency regulations.

BIA Guaranteed Loans (Business):

- Loan Guarantee Certificate and/or other as prescribed by agency regulations (only BIA Guranteed loans are eligible. BIA Insured loans are not eligible).

NOTE: FHLB Des Moines may modify requirements of this checklist, including delivery requirements and instructions as needed to ensure its protection under the applicable guarantee. FHLB Des Moines advances only on the agency guaranteed amount of the loan.

| | | |
|---|------------|-----------|
| Loan is eligible for pledging as USDA, FSA or BIA Guaranteed Loan Collateral: | YES | NO |
| Completed By/Date: | | |